

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:	Case No. 10-46834
MIDWEST THEATRES CORPORATION,	Chapter 11
Debtor.	

DEBTOR'S RESPONSE TO MOTIONS FOR RELIEF FROM STAY

1. Midwest Theatres Corporation ("MTC"), through its undersigned counsel, submits this response to First Minnesota Bank's ("FMB") Motion for Relief from Stay [Docket No. 147; United Community Bank's ("UCB") Motion for Relief from the Automatic Stay [Docket No. 146]; and Citizens State Bank's ("CSB") Motion for Relief from Stay [Docket No. 145]. FMB, UCB and CSB are herein collectively referred to as the "Lenders".

2. MTC filed its Petition on September 14, 2010 in response to a foreclosure action commenced by United Bankers' Bank ("UBB").

3. MTC's stated reorganization objectives at the time of filing included an agreement with UBB to continue to operate the St. Michael Cineplex (10% of MTC revenue) and to reach agreement with MN Theaters 2006, LLC ("iStar") for a new lease in Rochester and Burnsville (55% of MTC revenues).

4. MTC closed St. Michael without agreement with UBB.

5. MTC closed Burnsville and Rochester without agreement with iStar.

6. Following rejection of the iStar lease MTC determined that reorganization was no longer feasible given the reduced revenue stream and prepetition debt load including the \$5,000,000 UBB judgment and iStar and Cole Capital lease rejection claims.

7. MTC is in default under the cash collateral stipulation presently in effect. Lenders are entitled to relief from stay to foreclose.

8. The Lenders have requested and MTC has agreed to cooperate in the surrender of possession of the land, buildings and equipment necessary to operate the remaining six theatre Cineplex's. MTC intends to sign voluntary surrender agreements and to stipulate to appointment of receivers following stay termination to permit the Lenders to retain an interim operator, avoid Cineplex closure during foreclosure and maximize Lender recovery for the benefit of the Lenders and the estate.

9. MTC has not and will not waive substantive rights in the foreclosure process as it intends to voluntarily convert its case to chapter 7 on or before April 2, 2011. MTC will operate in the ordinary course through the close of business on March 20, 2011 to permit the Lenders to retain receivers and interim operators for each of the properties. Surrender of possession is unavoidable as MTC will lose authority to use cash and operate in the ordinary course which is necessary to insure, secure and maintain its real estate and personal property. The surrender of possession will not prejudice the rights of creditors or the estate in the state court foreclosure processes.

10. One or more of the Lenders have agreed to retain Odyssey Entertainment, Inc. ("OEI"). Steve Tripp, the former CEO of MTC, is the CEO of OEI. One or more of the Lenders may elect to retain an interim operator other than OEI.

Dated: March 8, 2011

RAVICH MEYER KIRKMAN McGRATH
NAUMAN & TANSEY,
A PROFESSIONAL ASSOCIATION

By /e/ Michael F. McGrath #168610
Will R. Tansey #323056


4545 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
Telephone: (612) 332-8511
Facsimile: (612) 332-8302

ATTORNEYS FOR DEBTOR

VERIFICATION

I, Bryan Sieve, the Chief Financial Officer of Debtor, declare under penalty of perjury that the facts set forth in the foregoing Response, are true and correct according to the best of my knowledge, information and belief.

Executed on: March 8, 2011


Bryan Sieve

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re: Case No. 10-46834
MIDWEST THEATRES CORPORATION, Chapter 11
Debtor.

UNSWORN CERTIFICATE OF SERVICE

I, Michael F. McGrath, declare under penalty of perjury that on March 8, 2011 I served copies of the attached:

1. Debtor's Response to Motions for Relief from Stay;
were served by sending to each party a copy thereof as noted on the attached Service List.

Executed on: March 8, 2011

/e/ Michael F. McGrath, #168610

ELECTRONIC
MIDWEST THEATRES CORPORATION
4300 O'DAY AVENUE NE
ST. MICHAEL, MN 55376

ELECTRONIC
SARAH J. WENCIL
OFFICE OF US TRUSTEE
1015 US COURTHOUSE
300 SOUTH FOURTH STREET
MINNEAPOLIS, MN 55415

ELECTRONIC
MICHAEL RIDGWAY, ESQ.
OFFICE OF US TRUSTEE
1015 US COURTHOUSE
300 SOUTH FOURTH STREET
MINNEAPOLIS, MN 55415

IRS DISTRICT COUNSEL
ATTN: OFFICER OR AGENT AUTHORIZED
TO ACCEPT SERVICE
380 JACKSON STREET, SUITE 650
ST. PAUL, MN 55101-4804

INTERNAL REVENUE SERVICE
ATTN: OFFICER OR AGENT AUTHORIZED
TO ACCEPT SERVICE
WELLS FARGO PLACE
30 E. SEVENTH STREET
MAIL STOP 5700
ST. PAUL, MN 55101

MN DEPARTMENT OF REVENUE
ATTN: OFFICER OR AGENT AUTHORIZED
TO ACCEPT SERVICE
COLLECTION ENFORCEMENT
551 BANKRUPTCY SECTION
PO BOX 64447
ST. PAUL, MN 55164

US ATTORNEY
ATTN: OFFICER OR AGENT AUTHORIZED
TO ACCEPT SERVICE
600 US COURTHOUSE
300 S. FOURTH STREET
MINNEAPOLIS, MN 55415

MINNESOTA DEPARTMENT OF REVENUE
C/O SALES & USE TAX PROCESSING
PO BOX 64622
ST. PAUL, MN 55164-0622

COMMITTEE - ELECTRONIC
CHATEAU THEATERS, INC.
ATTN: MARK L. STEEGE
221 - 1ST AVENUE SW, SUITE 300
ROCHESTER, MN 55902

COMMITTEE - ELECTRONIC
MN THEATERS 2006, LLC-ISTAR FINANCIAL
1114 AVENUE OF THE AMERICAS, 38TH FL.
NEW YORK, NY 10036

COMMITTEE
CREDITORS OF CLARK PRODUCTS
5750 OLD ORCHARD ROAD, SUITE 520
SKOKIE, IL 60077

COMMITTEE
FRANKLIN DESIGNS, INC.
ATTN: DIANE MELOHN
208 INDUSTRIAL DRIVE
RIDGELAND, MS 39157

COMMITTEE
THE BUSINESS BANK
ATTN: BRAD C. KROHN
11100 WAYZATA BLVD., SUITE 150
MINNETONKA, MN 55305

ELECTRONIC
BRIAN M. GRAHAM, ESQ.
PEDERSEN & HOUP
161 NORTH CLARK STREET, SUITE 3100
CHICAGO, IL 60601

ELECTRONIC
LARRY B. RICKE, ESQ.
RICKE & SWEENEY, P.A.
SUITE 600, DEGREE OF HONOR BUILDING
325 CEDAR STREET
ST. PAUL, MN 55101

ELECTRONIC
UNITED BANKERS' BANK
C/O ANDREW P. MORATZKA, ESQ.
MACKALL, CROUNSE & MOORE, PLC
1400 AT&T TOWER
901 MARQUETTE AVENUE
MINNEAPOLIS, MN 55402

ELECTRONIC
FIRST MINNESOTA BANK
C/O KAARIN K. FOEDE, ESQ.
MELCHERT HUBERT SJODIN, PLLP
121 WEST MAIN STREET, SUITE 200
WACONIA, MN 55387

ELECTRONIC
FIRST MINNESOTA BANK
C/O R. LAWRENCE HARRIS, ESQ.
MELCHERT HUBERT SJODIN, PLLP
121 WEST MAIN STREET, SUITE 200
WACONIA, MN 55387

ELECTRONIC
FIRST MINNESOTA BANK
C/O THOMAS W. LARKIN, ESQ.
MELCHERT HUBERT SJODIN, PLLP
121 WEST MAIN STREET, SUITE 200
WACONIA, MN 55387

ELECTRONIC
NORTH SHORE BANK
C/O DENNIS M. RYAN, ESQ.
FAEGRE & BENSON, LLP
90 S. SEVENTH STREET, SUITE 2200
MINNEAPOLIS, MN 55402-3901

ELECTRONIC
NORTH SHORE BANK
C/O COLIN F. DOUGHERTY, ESQ.
FAEGRE & BENSON, LLP
90 S. SEVENTH STREET, SUITE 2200
MINNEAPOLIS, MN 55402-3901

ELECTRONIC
THE BUSINESS BANK - UNITED COMMUNITY BANK
C/O JOSEPH W. LAWVER, ESQ.
MESSERLI & KRAMER PA
150 S. FIFTH STREET STE 1800
MINNEAPOLIS, MN 55402

ELECTRONIC
THE BUSINESS BANK - UNITED COMMUNITY BANK
C/O BENJAMIN J. COURT, ESQ.
MESSERLI & KRAMER PA
150 S. FIFTH STREET STE 1800
MINNEAPOLIS, MN 55402

ELECTRONIC
CITIZENS STATE BANK
C/O T. CHRIS STEWART, ESQ.
ANASTASI & ASSOCIATES, P.A.
14985 60th STREET NORTH
STILLWATER, MN 55082

ELECTRONIC
CITY OF ST. PETER
ATTN: TODD PRAFKE, CITY ADMINISTRATOR
227 S. FRONT STREET
ST. PETER, MN 56082-2513

ELECTRONIC
NICOLLET COUNTY BANK
C/O MICHAEL K. RILEY, ESQ.
MACKENZIE & GUSTAFSON, LTD.
326 MINNESOTA AVENUE S.
PO BOX 360
ST. PETER, MN 56082-0360

ELECTRONIC
MN THEATERS 2006, LLC-ISTAR FINANCIAL INC.
ATTN: BARCLAY JONES
1114 AVENUE OF THE AMERICAS, 38TH FLOOR
NEW YORK, NY 10036

ELECTRONIC
MN THEATERS 2006, LLC-ISTAR FINANCIAL INC.
C/O MARK J. KALLA, ESQ.
DORSEY & WHITNEY, LLP
50 S. SIXTH STREET, SUITE 1500
MINNEAPOLIS, MN 55402

ELECTRONIC
MN THEATERS 2006, LLC-ISTAR FINANCIAL INC.
C/O DAVID FAITH, ESQ.
DORSEY & WHITNEY, LLP
50 S. SIXTH STREET, SUITE 1500
MINNEAPOLIS, MN 55402

ELECTRONIC
MN THEATERS 2006, LLC-ISTAR FINANCIAL INC.
C/O GREGORY P. L. PIERCE, ESQ.
KATTEN MUCHIN ROSENMAN LLP
525 WEST MONROE STREET, SUITE 1900
CHICAGO, IL 60661-3693

ELECTRONIC
MN THEATERS 2006, LLC-ISTAR FINANCIAL INC.
C/O JOHN SIEGER, ESQ.
KATTEN MUCHIN ROSENMAN LLP
525 WEST MONROE STREET, SUITE 1900
CHICAGO, IL 60661-3693

ELECTRONIC
MN THEATERS 2006, LLC-ISTAR FINANCIAL INC.
C/O PAIGE BARR, ESQ.
KATTEN MUCHIN ROSENMAN LLP
525 WEST MONROE STREET, SUITE 1900
CHICAGO, IL 60661-3693

ELECTRONIC
COLE CN ROCHESTER MN, LLC
ATTN: MARK SELMAN
2555 CAMELBACK ROAD, SUITE 400
PHOENIX, AZ 85016

ELECTRONIC
JEFFREY WEGNER, ESQ.
KUTAK ROCK LLP
THE OMAHA BUILDING
1650 FARNAM STREET
OMAHA, NE 68102-2186

ELECTRONIC
MOBILILARIO S.A. de C.V.
ATTN: OSVALDO ESCALANTE
CALLE DEL SOL NO. 3
SAN RAFAEL CHAMAPA
NAUCALPAN 53660

ELECTRONIC
STEVEN A. NERGER, ASSIGNEE FOR THE BENEFIT
OF CREDITORS OF CLARK PRODUCTS, INC.
AND CLARK FOODSERVICE, INC.
C/O DAVID C. GUSTMAN, ESQ./DEVON J. EGGERT
311 S. WACKER DRIVE, SUITE 3000
CHICAGO, IL 60606

ELECTRONIC
WARNER BROTHERS PICTURES
ATTN: RALPH ALBI
15821 VENTURA BLVD., SUITE 575
ENCINO, CA 91436

ELECTRONIC
BUENA VISTA PICTURES
ATTN: JEFF PRILL
WALT DISNEY STUDIOS MOTION PICTURES
500 SOUTH BUENA VISTA STREET
BURBANK, CA 91521-6170

ELECTRONIC
UNIVERSAL FILM EXCHANGES, INC.
C/O MARSHA A. HOUSTON, ESQ.
REED SMITH LLP
355 S. GRAND AVENUE, SUITE 2900
LOS ANGELES, CA 90071-1514

ELECTRONIC
BOELTER PRODUCTS, INC.
ATTN: ANDY AHRENS
N22 W23685 RIDGEVIEW PKWY
WEST WAULESHA, WI 53188-1013

ELECTRONIC
SONY ENTERTAINMENT, INC.
ATTN: ELLEN MANDEL / SHERRY PEJHAN /
KATHLEEN HALLINAN
10202 W. WASHINGTON BLVD.
CULVER CITY, CA 90232

ELECTRONIC
PARAMOUNT PICTURES
ATTN: PAUL SPRINGER, SR VP & GENERAL COUNSEL
5555 MELROSE AVENUE
HOLLYWOOD, CA 90038

ELECTRONIC
PARAMOUNT PICTURES
C/O DAVID A. FIDLER, ESQ.
KLEE, TUCHIN, BOGDANOFF & STERN LLP
1999 AVENUE OF THE STARS, 39TH FL
LOS ANGELES, CA 90067-6049

ELECTRONIC
LIONSGATE ENTERTAINMENT
ATTN: ELLISSA FEDEROFF
75 ROCKEFELLER PLAZA, 16TH FL
NEW YORK, NY 10019

ELECTRONIC
TWENTIETH CENTURY FOX FILM CORPORATION
ATTN: RANDY KENDER, ESQ.
1211 AVENUE OF THE AMERICAS, 16TH FL.
NEW YORK, NY 10036

ELECTRONIC
LAMBERT COMMERCIAL CONSTRUCTION
ATTN: STEVEN LAMBERT
14001 BURNHAVEN DRIVE
BURNSVILLE, MN 55306

ELECTRONIC
FRANKLIN DESIGNS, INC.
ATTN: REGINA SHIPMAN
208 INDUSTRIAL DRIVE
RIDGELAND, MS 39157

ELECTRONIC
TECHNICOLOR CREATIVE SERVICES
ATTN: TOM BRACKEN
6040 SUNSET BLVD.
LOS ANGELES, CA 90028

ELECTRONIC
JOHN B. BROWNSON, PRESIDENT
UNIQUESCREEN MEDIA, INC.
314 - 10TH AVENUE SOUTH, SUITE 160
WAITE PARK, MN 56387

ELECTRONIC
BRIGHT STAR SYSTEMS & GRESSER COMPANIES
C/O GREGORY T. SPAL, ESQ./JESSE R. ORMAN, ESQ./
JEFFREY A. WIELAND, ESQ.
FABYANSKE, WESTRA, HART & THOMSON, P.A.
800 LASALLE AVENUE, SUITE 1900
MINNEAPOLIS, MN 55402

ELECTRONIC
CINEDIGM
C/O ROBERT L. LeHANE, ESQ.
KELLEY DRYE & WARREN LLP
101 PARK AVENUE
NEW YORK, NY 10178

March 8, 2011